

<p style="text-align: right;">Page 10</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 for Rimafar? 3 A. It was judicial, a group. 4 MS. ABREU: Objection. Translation. 5 A. A person from the judicial group. 6 Q. Why don't you -- it sounds like there may be 7 a difficulty in the translation there. I 8 agree. Why don't you simply take the Spanish 9 word. 10 MS. ABREU: Can you translate it and 11 ask him to write it down. 12 A. It's like one person representing the -- 13 G-A-B-I-N-E-T-E J-U-R-I-D-I-C-O. And it's a 14 proper name. 15 Q. When Rimafar was founded, what was its 16 corporate purpose? 17 MS. ABREU: Objection. Vague. 18 A. The production, sale and development of 19 products of pharmaceutical products. 20 Q. Did you have experience in the manufacture, 21 production and sale of pharmaceutical 22 products before 1988? 23 A. Yes. 24 Q. What experience had you had?</p>	<p style="text-align: right;">Page 12</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 A. Approximately 50 to 60. 3 Q. Did there come a time when Rimafar developed 4 a relationship with Ethypharm? 5 A. At the beginning, no. Towards the end of 6 1991, approximately we had a relationship 7 with Ethypharm. 8 Q. And how did that relationship develop? 9 A. At the very beginning it was just other 10 contacts, you know, conversations and that 11 was it. 12 Q. Do you recall who it was that you dealt with 13 at Ethypharm -- 14 MS. ABREU: Objection. Vague. 15 Dealt with. 16 Q. -- at the beginning of the relationship? 17 A. Yes. 18 Q. Who was that? 19 A. Adolfo De Basilio. 20 Q. And what was the business relationship 21 designed to do between Ethypharm and Rimafar? 22 MS. ABREU: Objection. Vague and 23 ambiguous. Relationship. 24 A. There was no design. It's just spontaneous.</p>
<p style="text-align: right;">Page 11</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 A. Twenty years, twenty years working in a 3 pharmaceutical laboratory, along all the 4 process and finally as general director. 5 Q. Had you ever had personal experience with 6 Omeprazole prior to 1988? 7 A. No. 8 Q. How about had you had any experience with 9 microgranules or pelletization of Omeprazole 10 prior to 1988? 11 MS. ABREU: Objection. Vague and 12 ambiguous. Experience with what? 13 A. No. 14 Q. In September 1988 when Rimafar began, how 15 many employees did you have? 16 A. Three, my secretary, myself, and one person 17 of commercialization at the very, very, very 18 beginning. 19 Q. Did you have any researchers? 20 A. No. 21 Q. Did you add employees to Rimafar after 1988? 22 A. Yes, after 1988, yes. 23 Q. Between 1988 and 1992 how many employees were 24 added to Rimafar?</p>	<p style="text-align: right;">Page 13</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 Q. Was there a specific product that was of 3 interest? 4 A. No. There was a concept of production from 5 Ethypharm. 6 Q. And was this a proposal that Ethypharm made 7 to you at Rimafar, or did you make the 8 proposal to Ethypharm? 9 A. Ethypharm to Rimafar. 10 Q. And what was the nature of the proposal from 11 Ethypharm to Rimafar? 12 A. It was a proposal of collaboration. 13 Q. For what purpose? 14 A. With the purpose of Ethypharm manufacture 15 some products with following a procedure and 16 Rimafar sell or utilize for itself. That was 17 it. 18 MS. ABREU: Objection. Translation. 19 Q. Who was going to perform the manufacturing, 20 Rimafar or Ethypharm? 21 MS. ABREU: Objection. Assumes 22 facts not in evidence. 23 A. Ethypharm. 24 MR. BOSTWICK: Veronica, if you're</p>

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<p style="text-align: right;">Page 14</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 going to make objections, that's fine. I 3 want to hear them. I can't know whether I 4 care about them.</p> <p>5 MS. ABREU: I apologize. I didn't 6 want to -- the first was an objection to the 7 translation to the answer. The second was 8 objection, facts not in evidence.</p> <p>9 MR. BOSTWICK: Because, of course, I 10 haven't heard one objection yet, so any of my 11 former questions I wouldn't have had a chance 12 to restate them in a way that's appropriate 13 if I think that's necessary.</p> <p>14 MS. ABREU: I will speak louder.</p> <p>15 MR. BOSTWICK: You can say that's 16 just an administrative matter between 17 lawyers.</p> <p>18 Can you read back the last question. 19 (Question read)</p> <p>20 Q. Do you recall the products that Rimafar was 21 going to manufacture for Ethypharm?</p> <p>22 A. There was no product that Rimafar was going 23 to manufacture for Ethypharm, no.</p> <p>24 Q. I'm sorry. I may have misunderstood. I</p>	<p style="text-align: right;">Page 16</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 Q. The initial conversations with Ethypharm? 3 A. With Ethypharm. Rimafar and Ethypharm prior 4 to.</p> <p>5 Q. How did it come about that Belmac Corporation 6 in the U.S. purchased Rimafar?</p> <p>7 A. I'm sorry. I didn't understand the question.</p> <p>8 Q. I believe you have testified that in March of 9 1992 Belmac Corporation in the United States 10 purchased Rimafar?</p> <p>11 MS. ABREU: Objection. Misstates 12 testimony.</p> <p>13 Q. Is that correct?</p> <p>14 A. Yes, that's correct.</p> <p>15 Q. How did that come about? How did those 16 discussions come about?</p> <p>17 MS. ABREU: Objection. Vague and 18 ambiguous.</p> <p>19 A. What topics in specific are we talking about?</p> <p>20 Q. Who from Belmac approached Rimafar to 21 purchase the company?</p> <p>22 A. Directly to me a person from Belmac France 23 with an initial interest of purchasing 24 Rimafar.</p>
<p style="text-align: right;">Page 15</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 thought you had stated that Rimafar was going 3 to manufacture certain products for 4 Ethypharm. Is that right or wrong?</p> <p>5 A. That's not correct. Ethypharm was going to 6 manufacture products for their client and 7 possible for Rimafar. Ethypharm was the 8 manufacturer.</p> <p>9 Q. Was Ethypharm going to manufacture those 10 products in Rimafar's facilities?</p> <p>11 MS. ABREU: Objection. Ambiguous. 12 Facilities.</p> <p>13 A. I use facilities, plant, Rimafar. That was a 14 possibility.</p> <p>15 Q. How long did you have discussions with Adolfo 16 De Basilio about the relationship with 17 Ethypharm?</p> <p>18 A. Quite a few days in conversations. I don't 19 know exactly the time, you know. It could be 20 days, a month even.</p> <p>21 Q. Was this around the time that Belmac 22 Corporation in the United States purchased 23 Rimafar?</p> <p>24 A. The initial conversations have been prior to.</p>	<p style="text-align: right;">Page 17</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 Q. Do you know when that first conversation took 3 place?</p> <p>4 A. Towards the end of the year 1991. I won't be 5 able to tell you exactly dates.</p> <p>6 Q. I understand. It's a long time ago; and if 7 you just give me your best recollection, that 8 will be perfect. Who was it that had this 9 first conversation with you? Who was the 10 French person?</p> <p>11 MS. ABREU: Objection. Vague and 12 ambiguous.</p> <p>13 A. I think it was Mr. Hermet. I had to put two 14 people in contact. One was Mr. Hermet -- 15 (Exhibit No. 1, Minutes, so marked)</p> <p>16 Q. Ask him how to spell Hermet. Actually, you 17 know what, this is Exhibit 1, and it is a 18 document written in English as you can see, 19 and it is minutes of the meeting of the board 20 of directors of Belmac Corporation, and the 21 date is October 24, 1991.</p> <p>22 And do you see the names listed on 23 the first page of this document?</p> <p>24 A. Yes.</p>

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<p style="text-align: right;">Page 18</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY</p> <p>2 Q. And right below those names it says, Also 3 present at the invitation of the company was 4 Jean-Pierre Hermet, the general manager of 5 the company's European operations. Is this 6 the person that you met with, Jean-Pierre 7 Hermet?</p> <p>8 A. Yes.</p> <p>9 Q. Around the end of 1991?</p> <p>10 A. Yes.</p> <p>11 Q. To discuss the purchase by Belmac Corporation 12 of Rimafar?</p> <p>13 MS. ABREU: Objection. Ambiguous.</p> <p>14 Belmac Corporation.</p> <p>15 MR. BOSTWICK: Just for the record, 16 isn't Belmac Corporation the name of the 17 company?</p> <p>18 MS. ABREU: Counsel, there are two 19 Belmacs. There is Belmac Corporation, and 20 there is Belmac Europe. I believe for the 21 witness's benefit we need to distinguish the 22 two. Jean-Pierre Hermet appears to be the 23 general manager of the European Belmac.</p> <p>24 Q. Do you see any of the other names on that</p>	<p style="text-align: right;">Page 20</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY</p> <p>2 Mr. Ayers, Jean-Pierre Hermet, and he would 3 be meeting officials of Rimafar during the 4 middle of November to further discuss the 5 possibility of acquiring that company.</p> <p>6 And my question to you is is that 7 consistent with your memory that the 8 negotiations for acquisition took place 9 around the end of 1991?</p> <p>10 A. Yes.</p> <p>11 Q. Do you recall whether you were negotiating 12 with Ethypharm about the Ethypharm 13 arrangement around the same time that you 14 were negotiating about the possible 15 acquisition of Rimafar?</p> <p>16 A. Exactly I don't think the dates coincide, but 17 I'm not sure. I think the dates were in 18 proximity to each other.</p> <p>19 Q. Mr. Ayala, let me ask you a few questions 20 about your language skills. Do you speak any 21 English?</p> <p>22 A. No.</p> <p>23 Q. Do you read in English?</p> <p>24 A. A little.</p>
<p style="text-align: right;">Page 19</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY</p> <p>2 list that you recognize?</p> <p>3 A. Yes.</p> <p>4 Q. Which one or which ones?</p> <p>5 A. Jean-Francois Rossignol.</p> <p>6 Q. How is it that you recognize that name?</p> <p>7 A. When Belmac purchased Rimafar, Jean-Francois 8 Rossignol was the director of Belmac.</p> <p>9 Q. Belmac Corporation in the U.S.?</p> <p>10 A. Yes, in the United States.</p> <p>11 Q. I will turn to page 9 of the document, and 12 I'm going to read you the second paragraph, I 13 guess, and our translator will help me 14 translate this for you. It's right beginning 15 here. It says, The chairman -- and I believe 16 that would be Jean Francois Rossignol --</p> <p>17 MS. ABREU: Objection. States facts 18 not in evidence.</p> <p>19 Q. -- then stated that the company was engaged 20 in early stage negotiations for the 21 acquisition of a Spanish based company, 22 Rimafar, SA, a company with manufacturing 23 capability.</p> <p>24 The chairman indicated that</p>	<p style="text-align: right;">Page 21</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY</p> <p>2 Q. In the context of business, do you ever 3 conduct business negotiations in English?</p> <p>4 MS. ABREU: Objection. Ambiguous.</p> <p>5 A. Yes, with translators, with the assistance of 6 a translator.</p> <p>7 Q. If you receive documents, for example, in 8 English, you would want them translated 9 before acting on them in the business 10 context?</p> <p>11 A. I don't understand the question.</p> <p>12 Q. Would you ever receive a document in English 13 in a business context and not translate it?</p> <p>14 MS. ABREU: Objection. Ambiguous.</p> <p>15 A. Never.</p> <p>16 Q. Do you speak French?</p> <p>17 A. A little.</p> <p>18 Q. More than English?</p> <p>19 A. Yes.</p> <p>20 Q. For example, when you negotiated the 21 arrangement with Ethypharm with Adolfo De 22 Basilio, I take it that would be in Spanish?</p> <p>23 A. Yes, in Spanish.</p> <p>24 Q. When you discussed matters with Rimafar, what</p>

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<p style="text-align: right;">Page 22</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 language was used -- I'm sorry, with Belmac 3 Corporation? 4 A. With Jean-Pierre Hermet initially we spoke 5 French. He knew some Spanish also and then 6 afterwards Spanish all the time, always 7 Spanish. 8 Q. Did any of these individuals, Mr. Ayers, 9 Jean-Pierre Hermet or Mr. Rossignol, did they 10 speak Spanish? 11 MS. ABREU: Objection. Foundation. 12 A. I don't know. I don't know. 13 Q. Do you remember whether you conducted the 14 negotiations about Belmac Corporations 15 acquisition in Spanish? 16 A. In Spain, there was always translators 17 available; and the operation was made in 18 Spain, took place in Spain. 19 Q. I know this has been a relatively short time, 20 but it's been about an hour, and I think 21 maybe we can break until tomorrow. 22 A. As you wish. 23 Q. Shall we start at 9:00 in morning? 24 A. Yes.</p>	<p style="text-align: right;">Page 24</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 CERTIFICATE 3 4 COMMONWEALTH OF MASSACHUSETTS 5 6 7 I, Tina M. Sarcia, a Registered 8 Professional Reporter and Notary Public in 9 and for the Commonwealth of Massachusetts, do 10 hereby certify that the foregoing transcript 11 of the deposition of ANGEL PEREZ DE AYALA 12 having been duly sworn on Wednesday, June 28 13 2006 is true and accurate to the best of my 14 knowledge skill and ability. 15 IN WITNESS WHEREOF I have hereunto 16 set my hand and seal this 11thday of June 17 , 2006. 18 19 20 21 Tina M. Sarcia, RPR 22 Notary Public 23 24 My commission expires: March 13, 2009</p>
<p style="text-align: right;">Page 23</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 MR. BOSTWICK: Maybe 8:45 we meet 3 here or 8:50. 4 THE VIDEOGRAPHER: The time is 4:59 5 p.m. on June 28, 2006. This is the end of 6 tape number one of Mr. Angel Perez De Ayala. 7 This deposition will be adjourned until June 8 29, 2006. 9 (Whereupon the deposition was 10 suspended at 4:59 p.m.) 11 12 13 14 15 16 17 18 19 20 21 22 23 24</p>	<p style="text-align: right;">Page 25</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 DEPONENTS ERRATA SHEET 3 AND SIGNATURE INSTRUCTIONS 4 5 The original of the Errata Sheet has 6 been delivered to Veronica Abreu, Esq. 7 When the Errata Sheet has been 8 completed by the deponent and signed, a copy 9 thereof should be delivered to each party of 10 record and the ORIGINAL delivered to Dwight 11 Bostwick, Esq. to whom the original 12 deposition transcript was delivered. 13 14 INSTRUCTIONS TO DEPONENT 15 16 After reading this volume of your 17 deposition, indicate any corrections or 18 changes to your testimony and the reasons 19 therefor on the Errata Sheet supplied to you 20 and sign it. DO NOT make marks or notations 21 on the transcript volume itself. 22 23 REPLACE THIS PAGE OF THE TRANSCRIPT WITH THE 24 COMPLETED AND SIGNED ERRATA SHEET WHEN RECEIVED.</p>

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1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY
2 ATTACH TO THE DEPOSITION OF ANGEL PEREZ DE
AYALA
3 CASE: ETHYPHARM V BENTLEY PHARMACEUTICALS
4 ERRATA SHEET
5 INSTRUCTIONS: After reading the transcript
of your deposition, note any change or
correction to your testimony and the reason
therefor on this sheet. DO NOT make any
marks or notations on the transcript volume
itself. Sign and date this errata sheet
before a Notary Public, if required. Refer
to Page 25 of the transcript for errata sheet
distribution instructions.
10 PAGE LINE
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11 REASON:
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20 REASON:
21 I have read the foregoing transcript
of my deposition and except for any
22 corrections or changes noted above, I hereby
subscribe to the transcript as an accurate
record of the statements made by me.
23
24 ANGEL PEREZ DE AYALA DATE

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2 Confidential VOLUME II

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3 EXHIBITS: 2-7

4 IN THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF DELAWARE

5

C.A. NO. 04-1300-SLR

6

7 ETHYPHARM S.A. FRANCE and)

ETHYPHARM S.A. SPAIN,)

8 Plaintiffs,)

)

9 vs.)

)

10 BENTLEY PHARMACEUTICALS,)

INC.,)

11 Defendant.)

12

13

14 CONTINUED DEPOSITION OF ANGEL PEREZ DE
15 AYALA, taken on behalf of the Plaintiffs,
16 pursuant to the Delaware Rules of Civil
17 Procedure before Tina M. Sarcia, Registered
18 Professional Reporter and Notary Public
19 within and for the Commonwealth of
20 Massachusetts, at the law offices of Edwards,
21 Angell, Palmer & Dodge, 111 Huntington
22 Avenue, Boston, Massachusetts, on Thursday,
23 June 29, 2006, commencing at 9:10 a.m.

24

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16 617.239.0577	14 7 Document, EP 3317	60
17 vabreu@eapdlaw.com	15	
18 For the Defendant	16	
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1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY		Page 5
2 Rafael Garcia-Palencia, Esquire	1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY	
3 Rebeca Corral Gregorio, Esquire	2 THE VIDEOGRAPHER: The time is 9:10	
4 ALZAGA, G. PALENCIA, G. DE MERCADO &	3 a.m. on June 29, 2006. This is tape number	
5 ASOCIADOS	4 one, volume two of the continued videotaped	
6 28014 Madrid	5 deposition of Mr. Angel Perez De Ayala.	
7 C/. Marques de Cubas, 6, 2 Dcha	6 EXAMINATION BY MR. BOSTWICK	
8 91 360 51 83	7 Q. Good morning, Mr. Ayala.	
9 rgarciapalencia@iberforo.net	8 A. Good morning.	
10 For the Defendant	9 Q. We discussed yesterday that you are currently	
11	10 employed by Laboratorios Grapa, correct?	
12 THE INTERPRETER: Ivelissa Escalera	11 A. Grapa, correct.	
13 THE VIDEOGRAPHER: Kristin Zarnetske	12 Q. Since you have been working at Laboratorios	
14	13 Grapa, have you done business with Bentley	
15	14 Pharmaceuticals?	
16	15 A. No, not at all.	
17	16 Q. Since you have been working at Laboratorios	
18	17 Grapa, have you done business with	
19	18 Laboratorios Belmac?	
20	19 A. No, not at all.	
21	20 Q. Am I correct that you have no current	
22	21 business relationship with either	
23	22 Laboratorios Belmac or Bentley	
24	23 Pharmaceuticals?	
	24 A. Yes, that's correct.	

2 (Pages 2 to 5)

ESQUIRE DEPOSITION SERVICES**1-866-619-3925****JT-A-71**

<p style="text-align: right;">Page 6</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY</p> <p>2 Q. Let me draw your attention to 1991. You 3 began your business relationship with 4 Ethypharm in 1991; is that correct?</p> <p>5 A. Correct.</p> <p>6 Q. Before Rimafar began its business 7 relationship with Ethypharm in 1991, did 8 Rimafar have any experience in manufacturing 9 Omeprazole?</p> <p>10 A. No.</p> <p>11 Q. Manufacturing Lansoprazole?</p> <p>12 A. No.</p> <p>13 Q. In manufacturing pellets?</p> <p>14 A. No.</p> <p>15 Q. In microgranulation or pelletization?</p> <p>16 A. No.</p> <p>17 (Exhibit No. 2, Declaration of 18 intentions, EP 2542, so marked)</p> <p>19 Q. Let me show you a document which we will mark 20 as Exhibit No. 2, and I would ask you to take 21 a look at that document, and tell me if you 22 recognize it.</p> <p>23 Mr. Ayala, have you reviewed that 24 document sufficiently to tell me whether you</p>	<p style="text-align: right;">Page 8</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY</p> <p>2 A. At the very beginning both parties we have 3 common interests. That's why I said it was 4 intention. That later on we had to write 5 down and organize on a formal contract for it 6 to be definitely.</p> <p>7 Q. Do you remember -- first of all, is one of 8 these your signatures on the first page of 9 Exhibit 2?</p> <p>10 A. Yes.</p> <p>11 Q. Which one? There's one on the side and one 12 at the bottom, a signature at the side and a 13 signature at the bottom?</p> <p>14 A. The one on the left side.</p> <p>15 Q. Does each page contain your signature?</p> <p>16 A. More than a signature. More like initials, 17 but yes, they're mine, just to point I have 18 read it.</p> <p>19 Q. Now, on page 6 of the document, there is some 20 handwriting near the top above number eight?</p> <p>21 A. Yes.</p> <p>22 Q. Is that your handwriting as well?</p> <p>23 A. Yes.</p> <p>24 Q. Could you tell me what that says, the</p>
<p style="text-align: right;">Page 7</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY</p> <p>2 recognize it?</p> <p>3 A. I need to read it.</p> <p>4 Q. That's fine. Take your time. Mr. Ayala, 5 you've had an opportunity to review Exhibit 6 No. 2?</p> <p>7 A. Yes, correct.</p> <p>8 Q. Is that a document you recognize?</p> <p>9 A. Yes.</p> <p>10 Q. What is that document?</p> <p>11 A. A declaration of intentions.</p> <p>12 Q. Is a declaration of intentions the same thing 13 in your mind as an agreement or a contract?</p> <p>14 A. Yes.</p> <p>15 Q. The title of the document is "Contracto De 16 Fabricacion" which in English would be 17 manufacturing contract?</p> <p>18 MS. ABREU: Objection.</p> <p>19 A. But it's not the reality of the content of 20 this agreement. During my time, Rimafar 21 never manufactured but for Ethypharm.</p> <p>22 Q. Mr. Ayala, can you explain to me why you 23 believe that Exhibit No. 2 is not a contract 24 but is a declaration of intention?</p>	<p style="text-align: right;">Page 9</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY</p> <p>2 handwriting at the top of page 6?</p> <p>3 A. That my initials or signatures are up to this 4 point, nothing else.</p> <p>5 Q. Do I understand correctly that you have not 6 agreed to points 8, 9, 10 and 11 on page 6?</p> <p>7 A. Exactly. I was not in agreement.</p> <p>8 Q. With those sections?</p> <p>9 A. Yes. My intentions in this declarations is 10 to tell the truth as a witness. So I'm 11 trying to remember as best as I can, you 12 know, with the benefits of my collaboration 13 to be as clear as possible. At the beginning 14 we came to an agreement of this intentions 15 with interest of continuing the project. A 16 project that it never got completed during my 17 time.</p> <p>18 Q. Tell me if my understanding is not correct, 19 but my understanding based on what you have 20 just said is that for the pages up to page 6 21 and for the portions of the agreement that 22 are sections 1 through 7, there was an 23 intention to agree with Ethypharm; is that 24 correct?</p>

3 (Pages 6 to 9)

<p style="text-align: right;">Page 10</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 MS. ABREU: Objection. Misstates 3 testimony. Leading as to matters of 4 substance. 5 A. Yes. 6 Q. And as to 8, 9, 10 and 11, there was no 7 intention? 8 MS. ABREU: Same objection. 9 Q. Is that correct? 10 A. No, it's not correct. The discussion and 11 review of the entire agreement we didn't get 12 to complete it, so what end up in practice 13 was completely different. 14 Q. Am I correct that the date of the document is 15 November 29, 1991? 16 A. I don't remember. 17 Q. Do you have a memory of a meeting with 18 Ethypharm representatives when you signed 19 this agreement or this document? 20 A. I had various meetings with Ethypharm, yes. 21 Q. Do you remember the specific date that you 22 signed this document, Exhibit 2? 23 MS. ABREU: Objection. Asked and 24 answered.</p>	<p style="text-align: right;">Page 12</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 the parties, did Ethypharm provide 3 Laboratorios Belmac information -- 4 MS. ABREU: Objection. Laboratorios 5 Belmac was not in existence at the time. 6 This is Rimafar. 7 MR. BOSTWICK: It would be better if 8 the objections come at the end of the 9 question. 10 MS. ABREU: I apologize. 11 Q. In accordance with the intentions of the 12 parties, did Ethypharm give to Rimafar 13 know-how and information relating to 14 Omeprazole? 15 A. No. 16 Q. Did Ethypharm provide any information or 17 know-how to Rimafar regarding Omeprazole from 18 1991 to 1994? 19 A. No. 20 Q. Let me ask you: Did you have any discussions 21 with Belmac Corporation before initializing 22 this document, Exhibit No. 2? 23 A. With Belmac Corporation, no. 24 Q. Who were your contacts at Belmac Corporation</p>
<p style="text-align: right;">Page 11</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 A. No, I'm sorry. I don't remember. 3 Q. Do you know whose signature or initials are 4 at the bottom of page 1? 5 A. No, I don't remember. 6 Q. Can I direct your attention to Section 1.6 on 7 page 2. At the very top, the paragraph 8 entitled "Know-How." Do you see that 9 paragraph? 10 A. Yes. 11 Q. What is your understanding of the intention 12 of that paragraph? 13 A. It refers to the information of the know-how 14 of the process of manufacturing. It's 15 referring to the information of the 16 manufacturing process. 17 Q. Was that information the property of 18 Ethypharm? 19 A. If the manufacturing had happened, the 20 information and the process belonged to 21 Ethypharm, but at this point, nothing had 22 been manufactured yet. 23 Q. Did Ethypharm provide -- strike that. 24 In accordance with the intentions of</p>	<p style="text-align: right;">Page 13</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 in the United States from 1991 through 1994? 3 MS. ABREU: Objection. Foundation. 4 A. Different people. 5 Q. Can you tell me the names of those people? 6 A. Ronald Stuart and Michael Hansberger between 7 the years of 1992 and 1994, and for the most 8 part, Michael. 9 Q. How often did you contact or how often did 10 you have conversations with Ronald Stuart and 11 Michael Hansberger from 1992 to 1994? 12 A. Very few. You know, more of it was just 13 information that I was passing to them. You 14 know, maybe just once a month or so, 15 approximately. 16 Q. Did you pass this information by mail or 17 through telephone calls or meetings? 18 A. It was usually a written statement via 19 e-mail. 20 Q. Did you have e-mail in 1991 to 1994? 21 THE INTERPRETER: He meant the years 22 1992. 23 Q. Let's go back. I think you have to finish 24 the answer.</p>

4 (Pages 10 to 13)

<p style="text-align: right;">Page 14</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 A. 1991, no. Towards the end of 1992 on, yes, 3 we had e-mail service. 4 Q. So your contact with Belmac U.S.A. during the 5 periods 1992 to 1994 was generally by e-mail? 6 A. No. Usually it was via phone with my 7 bilingual secretary or Mr. Hansberger's 8 secretary, which was native Spanish. In the 9 year 1992, and I don't remember if it was at 10 the beginning or the end, the caring 11 (phonetic) director, administrator at that 12 time proposed an electronic address or 13 communication. It was the very beginnings of 14 the e-mail way of communicating. 15 I don't know if the technology then 16 was exactly as we know it today, but it was a 17 direct way of communication.</p> <p>18 MS. ABREU: Objection. Translation. 19 Q. I have a suggestion about the translations. 20 If you have a longer answer, if you are able 21 to pause in between the sentences of the 22 answer, then it will give the translator an 23 opportunity to do a good job. 24 A. Correct. I apologize.</p>	<p style="text-align: right;">Page 16</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 A. Correct. 3 Q. How often did you have those meetings? 4 A. Very few and long time between one and 5 another. 6 Q. How many times per year in general? 7 A. No more than two. 8 Q. Did you have weekly telephone conversations 9 with them? 10 A. No. 11 Q. Where would you meet? In the United States 12 or in Spain? 13 A. In Spain and in United States. Twice I went 14 to Tampa. 15 Q. Who did you meet in Tampa? 16 A. Mr. Stuart and Mr. Berenguer, Ms. Noriega, 17 and maybe some other people from the office 18 that I just did not know them. 19 Q. Do you recall what you discussed on those 20 occasions? 21 A. No. You know, it was nothing special. The 22 first time that I went to Tampa it was more 23 out of courtesy, just to meet them. 24 Q. Do you recall the second visit?</p>
<p style="text-align: right;">Page 15</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 Q. That's okay. Did you have meetings with 3 people from Belmac U.S.A. during the 1992 to 4 1994 time period? 5 A. Yes. 6 Q. With whom? 7 A. Mr. Stuart, Mr. Hansberger. 8 Q. Anyone else? 9 A. Always bilingual secretary. 10 Q. Do you recall the name of your secretary who 11 translated? 12 A. My secretary? 13 Q. Yes. 14 A. Christina. 15 Q. Do you recall her last name? 16 A. No. 17 Q. How about the secretary in the USA? Do you 18 recall her name? 19 A. Yes. 20 Q. What was her name? 21 A. Noriega. 22 Q. You had indicated you did hold some meetings 23 with Mr. Hansberger and Mr. Stuart; is that 24 correct?</p>	<p style="text-align: right;">Page 17</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 A. Yes. 3 Q. And what was the topic of discussion -- what 4 was the topic -- pardon. Strike that. 5 What did you speak of during that 6 second meeting? 7 A. Fundamentally it was to complete my function 8 as president of Belmac Laboratories in 9 France. 10 Q. So is it my understanding that you were both 11 president of Laboratorios Belmac in Spain and 12 Laboratorios Belmac in France at a certain 13 time? 14 MS. ABREU: Objection. Foundation. 15 A. It did coincide at some point. 16 Q. Do you recall when you became president of 17 Laboratorios Belmac in France? 18 A. Yes. 19 Q. When was that? 20 A. Approximately either March or April of 1993. 21 Q. Who appointed you to that position? 22 A. Mr. Stuart and Mr. Berenguer, and I don't 23 remember somebody else, maybe Mr. Neff. 24 Q. Can you tell me a little bit about the</p>

5 (Pages 14 to 17)

<p style="text-align: right;">Page 18</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 operations of Laboratorios Belmac in France? 3 For example, was it manufacturing? Was it 4 sales? What was the business? 5 A. When I took the position as president, there 6 was no operation. There was nothing. There 7 was no commercialization. They were waiting 8 for registration of a product which wasn't in 9 existence yet. 10 Q. Were there any employees of Laboratorios 11 France? 12 A. Initially when I took over as president, no. 13 Q. And later? 14 A. Not either, because the operation in France 15 ended. 16 Q. When did the operation in France end? 17 A. I ended as president. It was approximately 18 one year beginning of 1994, and from there on 19 I don't know anything else of France. 20 MS. ABREU: Objection. Translation. 21 Q. Whose decision to close the operations in 22 France? 23 A. I have no idea. I don't know. It wasn't an 24 operation. It was a project.</p>	<p style="text-align: right;">Page 20</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 answered. 3 A. I don't know. I do know that I voluntarily 4 resigned as president. There is nothing for 5 me to be president of. 6 Q. I apologize. I had forgotten whether you had 7 mentioned the date you resigned in France. 8 A. I didn't say a date. I do know it was the 9 beginnings of 1994 approximately. 10 (Exhibit No. 3, Letter, EP 2715, so 11 marked) 12 Q. Let me show you another document, and this is 13 Exhibit 3. Do you read French? 14 A. Yes. 15 Q. As you can see, this is a document that is 16 written in French, and it appears to be a 17 letter dated June 23, 1992; is that correct? 18 A. Yes, 23rd of June, 1992. 19 Q. And it appears to be sent to you from a 20 Mr. Gerard Leduc from Ethypharm. Do you 21 recall this letter? 22 A. No. 23 Q. I would like to go over certain paragraphs in 24 this letter. Okay. Why don't you take a</p>
<p style="text-align: right;">Page 19</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 Q. As president of Laboratorios Belmac in 3 France, was it your decision to stop that 4 project? 5 MS. ABREU: Objection. French 6 subsidiary is called Belmac Europe, not 7 Laboratorios Belmac France. 8 THE INTERPRETER: He said no. And 9 you mean to suppress? And now he's 10 requesting to, please, ask the question 11 again. 12 Q. Could you ask the question again? 13 (Question read) 14 A. No. No, there was no project. No, my 15 decision was to resign of the position as 16 president. That was my decision. 17 Q. Did the project terminate or end? 18 A. When I finish, there was nothing. You know, 19 I don't know if they continued, but the year 20 that I ended, yes. 21 Q. Did Belmac Corporation in the United States 22 make the decision to terminate the project in 23 France? 24 MS. ABREU: Objection. Asked and</p>	<p style="text-align: right;">Page 21</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 moment to read it in its entirety first, and 3 then I will ask you my questions. Okay. You 4 have had an opportunity to review Exhibit 5 No. 3? 6 A. Yes, correct. 7 Q. In the first paragraph the letter says that 8 the conditions suggested by Rimafar for the 9 reimbursement of investments that we have 10 made in your factory for your benefit in 11 order to bring the manufacturing norms to an 12 operational pharmaceutical standard -- 13 A. They're not norms. They're rooms, 14 manufacturing rooms. 15 Q. -- are unacceptable. Do you recall a 16 discussion about -- well, strike that. 17 Do you recall that Ethypharm made 18 investments in manufacturing rooms in 19 Rimafar's factory? 20 MS. ABREU: Objection. Time frame. 21 A. Installations. 22 Q. So Ethypharm did make investments in 23 installations at Rimafar's factory; is that 24 correct?</p>

6 (Pages 18 to 21)

<p style="text-align: right;">Page 22</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY</p> <p>2 A. Yes, there's some space.</p> <p>3 Q. And do you recall a discussion about how</p> <p>4 those investments would be reimbursed?</p> <p>5 A. Yes. There was no reimbursement. The</p> <p>6 installations were ownership of Ethypharm,</p> <p>7 the machinery also.</p> <p>8 Q. So Rimafar did not reimburse Ethypharm for</p> <p>9 the installations or the machinery; is that</p> <p>10 correct?</p> <p>11 A. Correct.</p> <p>12 Q. And the installations and the machinery were</p> <p>13 the property of Ethypharm, correct?</p> <p>14 A. Correct.</p> <p>15 Q. Now, if we go to the second paragraph, it</p> <p>16 reads, I remind you without investment it</p> <p>17 would have been impossible to fulfill the</p> <p>18 requirements of the authorities and the</p> <p>19 clients in terms of GMP or good manufacturing</p> <p>20 practices.</p> <p>21 Do you recall that investment by</p> <p>22 Ethypharm was required to fulfill the</p> <p>23 requirements of GMP?</p> <p>24 A. To be able to install and make production for</p>	<p style="text-align: right;">Page 24</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY</p> <p>2 substances.</p> <p>3 Q. Is the process you're referring to</p> <p>4 pelletization?</p> <p>5 A. Yes, it's also called pellet -- in Spanish --</p> <p>6 pelletization.</p> <p>7 Q. Or microgranulation?</p> <p>8 A. Correct.</p> <p>9 Q. In the third paragraph on the letter it</p> <p>10 reads, I suggest that you insist with</p> <p>11 Mr. Jean-Francois Rossignol so that I can</p> <p>12 finally have a direct relation in order to</p> <p>13 solve this problem. I have left many</p> <p>14 messages at Belmac both in France and in the</p> <p>15 States for more than three months without any</p> <p>16 response.</p> <p>17 Do you recall Mr. Leduc wanting to</p> <p>18 have a direct relation with Mr. Rossignol in</p> <p>19 the United States?</p> <p>20 MS. ABREU: Objection. Ambiguous.</p> <p>21 Confusing. And it's the witness who should</p> <p>22 testify as to the meaning of the letter.</p> <p>23 A. The question is if I remember that Mr. Leduc</p> <p>24 wanted to have a meeting with Mr. Rossignol?</p>
<p style="text-align: right;">Page 23</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY</p> <p>2 Ethypharm, it was required, the installations</p> <p>3 of GMP.</p> <p>4 Q. Can you describe for us what the term "GMP"</p> <p>5 means?</p> <p>6 A. They're international norms of installation</p> <p>7 to process pharmaceutical products.</p> <p>8 Q. What types of products were Rimafar and</p> <p>9 Ethypharm preparing to manufacture at Rimafar</p> <p>10 during this time period?</p> <p>11 A. Ethypharm had projects of various substances</p> <p>12 or active substances, you know. It's called</p> <p>13 beginnings, active of beginnings.</p> <p>14 Q. Prinsipios (phonetic), does that mean</p> <p>15 ingredients or substances in English or do</p> <p>16 you know?</p> <p>17 A. Yes, ingredients and active substances.</p> <p>18 Q. Was Omeprazole one of the products that was</p> <p>19 going to be manufactured at Rimafar?</p> <p>20 A. No. Ethypharm had a process of pelletization</p> <p>21 or like the coverage of the active</p> <p>22 substances, process to protect very diverse</p> <p>23 active substances, among them, Omeprazole,</p> <p>24 but not to manufacture none of the</p>	<p style="text-align: right;">Page 25</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY</p> <p>2 Is that the question?</p> <p>3 Q. Yes.</p> <p>4 A. I don't know.</p> <p>5 Q. You don't recall?</p> <p>6 A. I don't know. I just don't know.</p> <p>7 Q. The next paragraph reads, I remind you in</p> <p>8 addition that the know-how relating to the</p> <p>9 manufacturing of the microgranules which we</p> <p>10 are carrying out in your factory is</p> <p>11 absolutely not your property. In particular,</p> <p>12 none of the elements regarding Omeprazole has</p> <p>13 been transferred or entrusted to you, and you</p> <p>14 do not have the possibility to use in whole</p> <p>15 or in part for your own use.</p> <p>16 Do you recall -- do you agree with</p> <p>17 that statement?</p> <p>18 A. Yes.</p> <p>19 Q. The next paragraph says, We agree, however,</p> <p>20 to collaborate in case you would wish to</p> <p>21 register this product in Spain.</p> <p>22 My question to you is do you recall</p> <p>23 registering the Omeprazole product in Spain</p> <p>24 as Rimafar?</p>

7 (Pages 22 to 25)

<p style="text-align: right;">Page 26</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 A. Yes. 3 Q. Do you recall when you did that? 4 A. Approximately 1989, the process and 5 administration of the process are very long, 6 and I believe that we began in 1989. 7 Q. Did you -- strike that. 8 Let me show you another document. 9 A. I don't remember this one. I want to make 10 sure it's constant I don't remember this one. 11 Q. You're talking about Exhibit 3? You don't 12 have a memory of that letter; is that 13 correct? 14 A. No. 15 (Exhibit No. 4, Letter, EP 2466, so 16 marked) 17 Q. Now, I'm going to show you Exhibit 4, and 18 this is a document that is in English, 19 correct? 20 A. Correct. 21 Q. Is this a letter from you to Mr. Leduc at 22 Ethypharm? 23 A. It seems like it, yes. 24 Q. Now, before I ask you questions about this</p>	<p style="text-align: right;">Page 28</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 A. We began with a name, you know, when he 3 was registering Rimafar, and it was Ulzus 4 Rima, meaning Rimafar. 5 Q. Could you spell that for the court reporter? 6 A. I think this was the initial name. I think 7 it was a commercial name, U-L-Z-U-S R-I-M-A. 8 Q. Is it -- strike that. 9 So you began the process of 10 registration before Belmac in the U.S. 11 purchased Rimafar; is that correct? 12 A. Yes. 13 Q. Is it possible to register a product 14 generally with general knowledge and without 15 being actually able to manufacture that 16 product? 17 MS. ABREU: Objection. Calls for 18 speculation. 19 A. Yes. It's not possible to manufacture before 20 authorization. 21 Q. And is it possible to obtain authorization to 22 register a product without having the 23 understanding of how to actually manufacture 24 that product?</p>
<p style="text-align: right;">Page 27</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 document, I had asked before whether you 3 registered the product of Omeprazole as 4 Rimafar. Do you recall that question? 5 A. Correct. 6 Q. No. Do you recall the question? 7 A. Yes. 8 Q. Was it registered as Rimafar or Laboratorios 9 Belmac or Belmac or do you recall? 10 MS. ABREU: Objection. Belmac what? 11 A. Rimafar. 12 Q. When did the name Rimafar change to 13 Laboratorios Belmac? 14 A. After the purchase. 15 Q. Do you recall what date that would be? 16 A. The purchase was March 1992, and afterwards, 17 there was a process of change of name. 18 Q. Do you recall when the registration of 19 Omeprazole was finalized? 20 A. The authorization of commercialization 21 happened afterwards, about 1993, beginnings 22 of 1993, I believe, the authorization. 23 Q. Does that change your understanding of the 24 name in which Omeprazole was registered?</p>	<p style="text-align: right;">Page 29</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 MS. ABREU: Objection. Confusing. 3 Leading. 4 A. No, it's not possible. 5 Q. Let me refer you to this letter which is, I 6 believe, Exhibit 4. Can you recognize -- do 7 you recognize this document? 8 A. I recognize my signature. 9 Q. So this is a document that you signed and 10 sent to Mr. Leduc, correct? 11 A. I don't know. You know, I recognize my 12 signature, but I don't recognize the 13 document, so I don't know. 14 Q. This document is written in English. Do you 15 ever write letters in English? 16 A. Not me directly. Sometimes through my 17 secretary. 18 Q. So, in other words, sometimes you write a 19 letter in Spanish, and then your secretary 20 translates it for your signature? 21 A. It's possible. But always with the original 22 copy in Spanish. 23 Q. In other words, you send the original Spanish 24 copy as well?</p>

8 (Pages 26 to 29)

<p style="text-align: right;">Page 30</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY</p> <p>2 A. No, for my files.</p> <p>3 Q. Let me address your attention to the second</p> <p>4 paragraph of the letter. First, at the very</p> <p>5 top it says, Dear, Sir, I'm gladly going to</p> <p>6 answer your fax dated 6/23/92.</p> <p>7 And do you understand that refers to</p> <p>8 Exhibit 3?</p> <p>9 A. It's possible.</p> <p>10 Q. And the second paragraph says, Second,</p> <p>11 Rimafar did not have the intention of</p> <p>12 adapting its facilities to meet the GMP rules</p> <p>13 to manufacture pellets. Is that true?</p> <p>14 A. Yes, it's correct. He just repeated exactly</p> <p>15 what I said.</p> <p>16 Q. If we drop down one line, it says, We have</p> <p>17 assigned 216 M of our laboratories and hired</p> <p>18 five people only and specially to manufacture</p> <p>19 for Ethypharm, based on your insistence and</p> <p>20 the promises of millionaire orders and</p> <p>21 contracts with third parties which would</p> <p>22 represent a profitable deal.</p> <p>23 Is that a true statement?</p> <p>24 A. The concept is truth.</p>	<p style="text-align: right;">Page 32</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY</p> <p>2 ministry of health to present dossier in</p> <p>3 amplitude with all the details of the product</p> <p>4 that we're interested or pretending to</p> <p>5 register, and everything, all the process of</p> <p>6 collaboration, prime material or active</p> <p>7 substance and other ingredients, secondary</p> <p>8 ingredients, a conditioning process and all</p> <p>9 the practical detail of manufacturing that we</p> <p>10 presented in the year 1989 I believe for the</p> <p>11 registry of our Omeprazole.</p> <p>12 Q. Where did you get that information that</p> <p>13 formed the basis of the dossier?</p> <p>14 MS. ABREU: Objection. Time frame.</p> <p>15 Q. For Omeprazole?</p> <p>16 A. At the pharma copy.</p> <p>17 Q. What is the pharma copy?</p> <p>18 A. It's a conjunction of instructions and</p> <p>19 references that exists to treat the</p> <p>20 pharmaceutical products, pharm copy, American</p> <p>21 pharm copy, European pharm copy and Spanish</p> <p>22 pharm copy.</p> <p>23 Q. Is this all public information?</p> <p>24 A. Yes, public.</p>
<p style="text-align: right;">Page 31</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY</p> <p>2 Q. Do you recall hiring five people -- pardon.</p> <p>3 A. Only that is not manufacturing for Ethypharm,</p> <p>4 is manufacturing by Ethypharm. Ethypharm was</p> <p>5 the one manufacturing.</p> <p>6 Q. Did you hire five people to assist with the</p> <p>7 manufacturing of Omeprazole around 1992?</p> <p>8 A. It's possible. Machinery maintenance or</p> <p>9 cleaning of machinery, the cleaning of the</p> <p>10 installations, transporting of merchandise of</p> <p>11 what could have been manufactured. This was</p> <p>12 practically it.</p> <p>13 Q. Turning to paragraph 5 or the paragraph</p> <p>14 marked fifth, it says, We don't need</p> <p>15 Ethypharm technology to register and</p> <p>16 commercialize our Omeprazole. Our registered</p> <p>17 dossier has not been prepared based on your</p> <p>18 technology. We have received offers of</p> <p>19 pellets even in capsules. Do you see that,</p> <p>20 those two lines?</p> <p>21 A. Yes, of course.</p> <p>22 Q. Can you explain that to me in anymore detail?</p> <p>23 A. Yes. It is necessary when you request the</p> <p>24 registry of the product to the Spanish</p>	<p style="text-align: right;">Page 33</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY</p> <p>2 Q. This is not proprietary know-how?</p> <p>3 A. No. It's public. The know-how is the</p> <p>4 application of the knowledge of the pharm</p> <p>5 copy.</p> <p>6 Q. Let me take you to paragraph 4, and this</p> <p>7 paragraph reads, Fourth, we have never said</p> <p>8 that the savoir-faire -- does that mean</p> <p>9 know-how?</p> <p>10 A. You know, it's kind -- it could be know-how.</p> <p>11 It's like meaning that you know how to do it,</p> <p>12 but what is the translation of know-how</p> <p>13 exactly.</p> <p>14 Q. Why don't I ask you what your understanding</p> <p>15 of the word "know-how" means?</p> <p>16 MS. ABREU: Objection. Confusing.</p> <p>17 A. I understand it's the conjunction of</p> <p>18 knowledge of a topic. Saffair means to know</p> <p>19 how to do something.</p> <p>20 Q. And is some know-how that companies create</p> <p>21 secret?</p> <p>22 A. Yes.</p> <p>23 Q. And is some know-how that companies create</p> <p>24 valuable?</p>

9 (Pages 30 to 33)

<p style="text-align: right;">Page 34</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 MS. ABREU: Objection. Calls for 3 speculation. 4 A. Yes. 5 Q. And sometimes pharmaceutical companies enter 6 into agreements that acknowledge that -- 7 A. Sometimes it's possible. 8 Q. -- that recognize that one party holds secret 9 know-how as its own property? 10 MS. ABREU: Objection. Calls for 11 speculation. 12 A. That one of the parties -- 13 Q. Let me strike this, and I'll ask the question 14 in a slightly different way. I'm asking now 15 a very general question for people who do not 16 work in the pharmaceutical industry. I don't 17 work in the pharmaceutical industry, and I'm 18 trying to understand a concept. 19 A. We're in agreement. 20 Q. Is it common in the pharmaceutical industry 21 for one company to develop know-how that is 22 valuable about manufacturing a product and to 23 enter into agreements with other companies to 24 keep that know-how secret?</p>	<p style="text-align: right;">Page 36</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 A. No, not necessarily. 3 Q. And if you do share that information, that 4 valuable know-how, you will often enter into 5 an agreement that says that the other party 6 can't use it without your permission? 7 A. Yes, it will be part of the text of the 8 agreement of the conditions. I always sign a 9 contract. Always a contract would be signed. 10 Q. About the know-how? 11 A. Decision of the know-how utilization of the 12 know-how and other reciprocal concept. 13 That's how I do things. 14 Q. Let me refer you to paragraph six or the 15 paragraph marked six. It says, Sixth, the 16 relationship between Rimasfar and Ethypharm is 17 previous to the appearance of our president 18 Mr. Rossignol, and I am obliged to clarify 19 this point by myself. 20 I do not understand that sentence. 21 Do you know what you meant by that in this 22 letter? 23 A. Although I don't remember the letter in 24 relation to the text, it is clear that it is</p>
<p style="text-align: right;">Page 35</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 MS. ABREU: Objection. Confusing. 3 Calls for speculation. 4 A. Yes, it's possible. Yes, it's possible. 5 Q. What is the purpose of that? 6 MS. ABREU: Same objections. 7 A. In each case it probably is a different 8 purpose. There's not a common purpose. 9 Q. As the head of Laboratorios Grapa, for 10 example, do you hold -- have you developed in 11 that company any know-how that is your 12 property? 13 A. Yes. 14 Q. And are you very careful to guard that 15 know-how? 16 A. Yes. 17 Q. Why? 18 A. Because it's a consequence of a work. 19 Q. And is it also an asset of the company? 20 A. Yes. 21 Q. And so you don't want to simply give that 22 property to someone else, correct? 23 MS. ABREU: Objection. 24 Argumentative.</p>	<p style="text-align: right;">Page 37</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 referring to the commentary that Mr. Leduc 3 makes. 4 Q. And you're pointing to Exhibit 3 now? 5 A. Yes, on document 3, in relationship with 6 Mr. Rossignol. That's what I understand by 7 paragraph 6. 8 Q. And can you explain a little more of how 9 paragraph 6 responds to Mr. Leduc's question? 10 A. I don't know what Mr. Leduc's intentions by 11 this question. I can just apply common sense 12 if I read this two text. Although I 13 recognize my signature, I just don't 14 remember. 15 Q. What is your common sense reading of 16 paragraph six? What does it mean? 17 A. When I read paragraph six, I'm indicating to 18 Mr. Leduc that the decision of what we have 19 commented is only mine, only my comment. 20 Q. Back on paragraph five, did you ever use 21 Ethypharm know-how and technology to register 22 Omeprazole? 23 MS. ABREU: Objection. Time frame. 24 A. Excuse me. Ethypharm technology?</p>

10 (Pages 34 to 37)

<p style="text-align: right;">Page 38</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 Q. Yes. Did you ever -- ever is the time frame. 3 Did you ever use Ethypharm technology or 4 know-how to register Omeprazole? 5 A. He's saying not in absolute. Not in 6 absolute. 7 Q. Absolutely no? 8 A. Absolutely no. Clearly no. 9 MR. BOSTWICK: Why don't we take a 10 five-minute break. 11 THE VIDEOGRAPHER: The time is 10:45 12 a.m. We're going off the record. Actually, 13 this completes tape number one of volume two. 14 (Recess) 15 THE VIDEOGRAPHER: The time is 11:01 16 a.m. on June 29, 2006. This is tape number 17 two, volume two. 18 MS. ABREU: Before we begin, I just 19 wanted to put on the record a discussion that 20 counsel have had and agreed to that we will 21 preserve all objections, except as to form, 22 and motions to strike. Is that your 23 understanding as well? 24 MR. BOSTWICK: That's an accurate</p>	<p style="text-align: right;">Page 40</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 of Rimafar that Ethypharm did. Installations 3 and machinery and utilities, elements, 4 complementary elements so Ethypharm could 5 manufacture the products. It is recognizing 6 that the installation has taken place and 7 their machinery of Ethypharm, installation of 8 machinery of Ethypharm. 9 Q. What was the purpose of Ethypharm installing 10 machinery in the Rimafar plant? 11 A. Ethypharm did not have facilities, 12 installations in Spain, and they wanted to 13 manufacture their procedures and they needed 14 a space, adequate space. 15 Q. They wanted to manufacture their procedures 16 or their products? 17 MS. ABREU: Objection. Calls for 18 speculation. 19 A. Their procedures in order to finalize the 20 product. 21 Q. And you and I have just used the term 22 "Rimafar," but I notice that the document 23 Exhibit 5 says Laboratorios Belmac; is that 24 correct?</p>
<p style="text-align: right;">Page 39</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 statement. So we don't have to do this for 3 all the depositions, why don't we just say at 4 this portion that's going to be the case 5 unless we state or agree otherwise. 6 MS. ABREU: For phase one 7 depositions, unless stated otherwise, that's 8 agreeable. 9 (Exhibit No. 5, Document, EP 9095, 10 so marked) 11 Q. Mr. Ayala, that was a simple matter of 12 administration between lawyers. Mr. Ayala, 13 I'm going to show you another, and I believe 14 this is number 5, correct? 15 A. Correct. 16 Q. And I would ask you to look at that document, 17 the first two pages of that document, and 18 when you're comfortable, tell me. 19 Let me first ask if you recognize 20 Exhibit 5? 21 A. Yes. 22 Q. What do you recognize it to be? 23 A. From Rimafar, it is recognizing the 24 installations inside the manufacturing plant</p>	<p style="text-align: right;">Page 41</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 A. By that time it was Laboratorios Belmac 3 Spain. 4 Q. Let me read you the first paragraph of that 5 document, and this is Don Angel Perez De 6 Ayala declaring that Laboratorios Belmac is 7 negotiating with Ethypharm SA, the signature 8 of a manufacturing contract and collaboration 9 agreement following the projects of contracts 10 and the relations that both parties -- 11 There's no need for you to 12 translate. I'm sorry. Why don't we have the 13 translator simply read you the portion in 14 Spanish, that first paragraph. 15 Do I understand from that paragraph 16 that during the period November of 1992 17 Laboratorios Belmac was negotiating a 18 manufacturing contract with Ethypharm; is 19 that correct? 20 MS. ABREU: Objection. 21 A. It was negotiating a manufacturing contract, 22 Ethypharm, at the facilities of Belmac. 23 Q. Who did you negotiate that -- who did you 24 negotiate with at Ethypharm with respect to</p>

11 (Pages 38 to 41)

<p style="text-align: right;">Page 42</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 the manufacturing agreement? 3 A. With Mr. De Basilio. 4 Q. Was Mr. Leduc involved at all? 5 A. Usually, no. Mr. De Basilio and myself were 6 in Spain. He was the delegated person from 7 Ethypharm. 8 Q. The second paragraph says, and you can read 9 that part, In parallel to these negotiations 10 and as those negotiations were unfolding, 11 Ethypharm had financed and completed some 12 work in installations, one of the sections of 13 the building owned by Laboratorios Belmac and 14 the costs -- I'm skipping a little portion -- 15 the costs of the completed installations and 16 modifications amount so far, and then the 17 figure is a little over 20 million pesetas, 18 plus taxes. 19 Is that consistent with your memory? 20 MS. ABREU: Dwight, I would like to 21 put an objection on the record. You have 22 delved into phase two issues early today, and 23 it appears as though you're headed that way 24 right now with your questions.</p>	<p style="text-align: right;">Page 44</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 for the record. You can tell him that too 3 was an administrative matter between lawyers. 4 Q. Is that consistent with your recollection? 5 And if you need the question read back, we 6 can do that. 7 A. It's correct. 8 Q. Let me draw your attention to paragraph 4 9 which is not marked in the original. It's on 10 the top of the page. It's on the top of the 11 second page. Laboratorios Belmac likewise 12 recognizes receiving from Ethypharm SA the 13 technical documentation necessary for its 14 application to the health department in order 15 to obtain the humble location and approval of 16 the surface of the building where the 17 installations made by Ethypharm have been 18 taken place and where have been placed the 19 machines which belong to this company for the 20 manufacturing and production of the 21 microgranules and its packaging. 22 Is that accurate? 23 A. It's correct. It's technical documentation 24 of technical engineer of environment, the</p>
<p style="text-align: right;">Page 43</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 As you know, the scheduling order 3 provides for phase one depositions at this 4 point, and Bentley reserves its rights with 5 regards to questions that delve into phase 6 two and reserves its right to do the same 7 with Ethypharm witnesses when we depose them. 8 MR. BOSTWICK: For something that is 9 not a speaking objection, that was a pretty 10 long speaking objection, and I'll respond 11 because of that, that I don't see how we can 12 pursue the phase one discovery without 13 delving to some extent in a generalized way 14 into this issue. 15 And, in fact, it's usually Craig 16 Stuart who is usually telling me that, and 17 I'm the one who is saying we shouldn't go too 18 far, but I can't imagine that this is an 19 objectionable area. I'm simply asking him 20 whether Ethypharm had paid 27 million 21 pesetas. 22 MS. ABREU: I stand by the 23 objection. 24 MR. BOSTWICK: I'll just note that</p>	<p style="text-align: right;">Page 45</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 humidity, temperature, the ceiling of the 3 walls, and the ceiling of the rooms; and it 4 was elaborated by a third party, contracted 5 by Ethypharm. 6 Q. Now, there's also attached to this document 7 Exhibit 5, a list of items that were given by 8 Ethypharm to Laboratorios Belmac; is that 9 correct? 10 A. Correct. 11 Q. And so is my understanding correct that the 12 remaining pages of the document are lists of 13 items provided to Laboratorios Belmac by 14 Ethypharm? 15 A. No. 16 Q. What is that? 17 A. We always have to distinguish that the 18 elements, machinery elements -- complimentary 19 machinery elements are not of Belmac, all of 20 Belmac's. They are of Ethypharm, from and to 21 Ethypharm. 22 MR. FINE: Excuse me. I'd like to 23 put on the record and I think it's probably 24 inadvertent, but Mr. Palencia is nodding at</p>

12 (Pages 42 to 45)

<p style="text-align: right;">Page 46</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 certain points when the witness is 3 translating -- when the witness's answers are 4 being translated, and I would just like to 5 ask him if he could to be, please, careful 6 not to indicate his either assent or 7 disagreement with any of the witness's 8 answers.</p> <p>9 MR. BOSTWICK: Why don't we go off 10 the record for just a moment.</p> <p>11 THE VIDEOGRAPHER: The time is 11:20 12 a.m. We're going off the record.</p> <p>13 (Recess)</p> <p>14 THE VIDEOGRAPHER: The time is 11:21 15 a.m. We're back on the record.</p> <p>16 Q. I believe, Mr. Ayala, that we were looking at 17 document No. 5, Exhibit No. 5, and you were 18 explaining to me that it is important to 19 recognize that Ethypharm was providing itself 20 information and technical documentation in 21 the context of producing or manufacturing 22 within Laboratorios Belmac?</p> <p>23 MS. ABREU: Objection. Misstates 24 testimony.</p>	<p style="text-align: right;">Page 48</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 evolution of the installations. 3 Q. Is it accurate to say that all of the items 4 listed in the last six pages were the 5 property of Ethypharm? 6 A. Correct, all the articles were property of 7 Ethypharm. 8 Q. Let me show you document number 6, and this 9 is a document in Spanish, correct? 10 A. Correct. 11 Q. And it appears to be dated January 12, 1993; 12 is that correct? 13 A. Yes, correct. 14 Q. Is this a document that you recognize? 15 A. I recognize it as being one of the many 16 projects, contract projects that we did with 17 Ethypharm, that, I believe, we didn't get to 18 sign. 19 Q. Do you -- when you say you didn't get to sign 20 this, what do you mean? 21 A. That we had an agreement problem. We 22 couldn't get to an agreement in order to sign 23 regarding all the terms that were drafted in 24 the contract.</p>
<p style="text-align: right;">Page 47</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 A. And machinery. 3 Q. Is my understanding correct? 4 A. Yes, correct. 5 Q. You were also, I think, explaining what the 6 last six pages of Exhibit No. 5 is and could 7 you do that? 8 A. That I was starting and revising -- not in 9 detail but generally speaking. General 10 speaking is yes. 11 Q. Can you give me a little more detailed 12 understanding about the contents of the last 13 six pages of Exhibit 5? 14 A. Yes, correct. 15 Q. Is it possible to describe in more detail 16 what these six pages are? 17 A. Machinery details of accessories and, et 18 cetera, of Ethypharm. That they were 19 installing in the space that Belmac 20 Laboratories Spain had given them their 21 access to at the plant at Zaragoza. And the 22 technical documentation, so Laboratories 23 Belmac Spain could request to the Spanish 24 ministry of health the authorization and</p>	<p style="text-align: right;">Page 49</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 Q. Do you recall any specific terms that were a 3 particular problem? 4 A. I will have to read it in detail, but 5 generally speaking, the problem I had with 6 Ethypharm was the conditions. The politics 7 of contracts I wasn't in agreement. They 8 never convinced me. To me, they were always 9 like statements, and there's a word we use in 10 Spain meaning "leoninos" which I'm not sure 11 if there's a translation. 12 Basically they were unacceptable, 13 the conditions were unacceptable, generally 14 speaking. In specific, I will have to go 15 through it very carefully, but generally 16 speaking -- there were not a document, an 17 actual document proposed by Ethypharm that I 18 as a responsible party of operations of 19 Belmac Laboratory Spain operations will 20 consider acceptable. That's why I didn't 21 sign. That's what I remember in general. 22 Q. Could you look at 3.4, Section 3.4, and if 23 you could just read that to yourself for a 24 moment, 3.4.</p>

13 (Pages 46 to 49)

<p style="text-align: right;">Page 50</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 Did you ever have a problem with 3 that provision Section 3.4? 4 MS. ABREU: Objection. Phase two. 5 A. We never got to the point of completing this 6 condition. It was a point that it was 7 proposed, but it never took place by 8 Laboratorios Belmac Spain. It didn't take 9 place.</p> <p>10 MR. BOSTWICK: Based on the 11 objection, I'll reserve going into that in 12 more detail for a later date.</p> <p>13 Q. One moment. Mr. Ayala, did there come a time 14 when you were fired as the general manager of 15 Laboratorios Belmac?</p> <p>16 A. Yes.</p> <p>17 Q. Do you recall when that was?</p> <p>18 A. Yes, clearly, 1994.</p> <p>19 Q. Do you recall the month?</p> <p>20 A. After the summer, I believe it was in 21 September, you know, September or towards the 22 end of 1994. I cannot remember exactly the 23 month. It could be November, September. You 24 know, I know it was towards the end of 1994.</p>	<p style="text-align: right;">Page 52</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 of 1994 earlier? 3 MS. ABREU: Objection. 4 Q. And my question is -- 5 A. Terminated. I terminated my relationship 6 with Belmac. 7 Q. Can you tell me the circumstances that led to 8 your termination? 9 A. Of course. There was a difference of 10 criterias. In specifics or concrete, 11 Mr. Murphy wasn't in agreement in general 12 terms with my gestures. 13 Q. This is the first time in this deposition 14 that you have mentioned Mr. Murphy. You have 15 discussed other people at Belmac Corporation, 16 correct? 17 A. Yes. 18 Q. When did you first meet Mr. Murphy? 19 A. During the time of my exit from Belmac. 20 Q. And do you recall how many meetings you had 21 with Mr. Murphy? 22 A. Very few, one or two. 23 Q. And were those meetings in Spain or in the 24 United States?</p>
<p style="text-align: right;">Page 51</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 Q. I'm going to just say again if you have 3 longer answers you'll have to pause in the 4 middle of them.</p> <p>5 MR. BOSTWICK: And for you, perhaps 6 you can hold up your hand at a point in time 7 when you need to stop.</p> <p>8 THE INTERPRETER: If I can add, if 9 I'm translating for him not to speak because 10 that's when more information gets into me 11 when I'm speaking.</p> <p>12 A. I apologize. I'm just trying to make an 13 effort to remember.</p> <p>14 Q. It's very difficult for all parties, and we 15 appreciate your efforts. We were discussing 16 that your recollection is that you were fired 17 somewhere around September of 1994; is that 18 correct?</p> <p>19 A. No.</p> <p>20 Q. What is correct?</p> <p>21 A. The correct is towards the end of 1994 I came 22 to an agreement to leave Belmac Laboratories 23 Spain.</p> <p>24 Q. You had referred to being fired in September</p>	<p style="text-align: right;">Page 53</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 A. In Spain.</p> <p>3 Q. Do you recall the dates of those meetings?</p> <p>4 A. No. I remember it was towards the end of my 5 term of my collaboration with them.</p> <p>6 Q. Had you ever spoken to Mr. Murphy by 7 telephone before the meetings in Spain?</p> <p>8 A. No, I don't remember. I don't remember.</p> <p>9 Q. Do you recall the very first time you met 10 Mr. Murphy?</p> <p>11 A. I think the first time was when Mr. Murphy 12 came to Spain to Madrid to communicate to me 13 that there was a change of property at the 14 Belmac Corporation.</p> <p>15 Q. One moment. What was the word you used in 16 Spanish, "property"?</p> <p>17 A. Belmac Corporation were bought by Bell Trade, 18 were bought by Bell Trade.</p> <p>19 MS. ABREU: Objection. Translation.</p> <p>20 Q. Is it your testimony that in 1994 Belmac 21 Corporation in the United States was 22 purchased by another company?</p> <p>23 A. I don't know for sure. I know there were 24 certain changes, but I don't know the</p>

14 (Pages 50 to 53)

<p style="text-align: right;">Page 54</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 details. 3 Q. Was this a change of leadership within Belmac 4 in the United States? 5 A. Possible. It is possible. 6 Q. Was it your understanding that Mr. Murphy was 7 taking over certain duties for other people 8 at Belmac Corporation in the United States? 9 MS. ABREU: Objection. Foundation. 10 A. Correct. 11 Q. What position did you understand Mr. Murphy 12 to hold when you first spoke with him? 13 A. I don't remember his title. What I 14 understood was that he was the person 15 responsible, et al. There were a lot of 16 changes happening. 17 Q. When you say that he was the person 18 responsible, do I understand you to mean that 19 he was the head of the United States 20 corporation? 21 A. I don't know. It was the person that United 22 States plays as intermediary with Spain, the 23 person from United States that is responsible 24 for the relationships with Spain.</p>	<p style="text-align: right;">Page 56</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 representing United States. I believe that 3 was the first meeting that we had, and he 4 expressed he was not happy in general terms 5 with the way that I administered Belmac 6 Spain, and I had wishes of leaving Belmac 7 Spain. So these two parties got together, 8 and we dissolved the contract. 9 Q. In this case, Bentley has stated in formal 10 answers to our questions that the reason you 11 were fired by Mr. Murphy was due to 12 philosophical differences -- 13 MS. ABREU: Objection. Confusing. 14 Bentley Pharmaceuticals. I apologize, 15 Dwight. I didn't realize you weren't 16 finished. 17 Q. In corporate direction between -- let's read 18 back the question -- 19 (Question read) 20 Q. In this case we have a procedure where we can 21 ask Bentley certain questions and they 22 respond. Do you understand? 23 A. Yes. 24 Q. And Bentley has provided a formal answer, and</p>
<p style="text-align: right;">Page 55</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 Q. I believe I heard you say that we -- strike 3 that. 4 What company was Mr. Murphy 5 representing when he came and spoke to you? 6 A. What company was Murphy representing? I 7 believe it was Belmac Corporation. 8 Q. Belmac Corporation in the United States? 9 A. Yes, in the United States. 10 Q. And did Mr. Murphy -- what did Mr. Murphy 11 tell you about any plans that existed for 12 Laboratorios Belmac? 13 A. He didn't inform me of no projects or no 14 plans. 15 Q. What did you discuss with Mr. Murphy? 16 A. My understanding was that Spain was very well 17 disconnected from United States, and there 18 have been changes in the United States, and I 19 was very disconnected. I was preoccupied 20 with the operations in Spain and 21 uncomfortable because I basically had no 22 relationships with United States. 23 And at one determined moment 24 Mr. Murphy came over as the person</p>	<p style="text-align: right;">Page 57</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 the formal answer was that Mr. Murphy fired 3 you due to philosophical differences in 4 corporation direction? 5 MS. ABREU: Objection. Confusing. 6 A. No. Of Belmac of Spain directions. 7 Q. Could you explain that? Do you mean that it 8 was a difference of agreement of the 9 direction that Laboratorios Belmac would 10 take? 11 A. No. Let me explain. 12 Q. Please explain your understanding of the 13 reason you were fired. 14 A. I have my own criterias, commercial criterias 15 and of directionship, leadership; and they 16 were only of Belmac Laboratory Spain. It had 17 nothing to do with Belmac Corporation of 18 Tampa. The differences with Mr. Murphy were 19 criterias in terms of the general procedures 20 of the operations in Spain. 21 Q. Do you recall what Mr. Murphy told you 22 specifically about why you were being fired? 23 A. No. And it wasn't like the usual fire way. 24 It was an agreement. Mr. Murphy was not in</p>

15 (Pages 54 to 57)

<p style="text-align: right;">Page 58</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 agreement with some aspects of my gestures, 3 and he made it clear to me; and also, I had 4 wishes that I wanted to leave Belmac. You 5 know, in reality you can consider it being 6 fired. 7 It was a proposal, and since there 8 was not a clear, you know, understanding or 9 agreement, then I had to do my own thing and 10 resolve my own thing.</p> <p>11 Q. Who took over for you as general manager when 12 you left the company?</p> <p>13 MS. ABREU: Objection: Ambiguous.</p> <p>14 General manager of what?</p> <p>15 A. I don't know. I don't know.</p> <p>16 Q. Do you know who took over your duties?</p> <p>17 A. I don't know. I had a very important project 18 going on, and it was very important to me, 19 and I just focused on the project and forgot 20 about Belmac completely.</p> <p>21 Q. When you say you had a very important project 22 going on, what do you mean?</p> <p>23 A. I had a project to develop a job, very 24 different from pharmaceutical laboratories.</p>	<p style="text-align: right;">Page 60</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 A. It was a document almost like testifying that 3 I was resigning as president of Belmac 4 Laboratories Spain.</p> <p>5 MR. BOSTWICK: I don't believe we 6 have that document produced, so I'd request 7 that it be produced if it existed.</p> <p>8 MS. ABREU: We'll look into it.</p> <p>9 (Exhibit No. 7, Document, EP 3317, 10 so marked)</p> <p>11 Q. Let me show you an exhibit. This would be 12 Exhibit 7. This is a document in English, 13 and it's dated January 19, 1995, correct?</p> <p>14 A. Correct.</p> <p>15 Q. And let me first ask do you recall whether 16 you had left the company of Laboratorios 17 Belmac as of January 19, 1995?</p> <p>18 A. Yes, correct. Yes, I do remember well.</p> <p>19 Q. You remember well that you were gone?</p> <p>20 A. Yes, perfectly.</p> <p>21 Q. So if you look at the second page of this 22 document, Exhibit No. 7, and this discusses 23 Belmac announcing the formation of a joint 24 venture with Ethypharm. Would it be correct</p>
<p style="text-align: right;">Page 59</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 Just in my own mind, you know, it was just 3 mentally I had it in my mind; and when I exit 4 from Belmac Spain, I dedicated myself just to 5 develop this project.</p> <p>6 Q. Did you receive any e-mails from Mr. Murphy 7 about being fired or leaving the company?</p> <p>8 MS. ABREU: Objection. Time frame.</p> <p>9 A. No. I don't think so, but I don't remember.</p> <p>10 I know that I resigned from the position, but 11 I don't remember if there was any 12 correspondence.</p> <p>13 Q. So you don't remember any correspondence or 14 any e-mails relating to your firing?</p> <p>15 A. No, it was a verbal conversation.</p> <p>16 Q. How long did it last?</p> <p>17 A. Not long. You know, maybe, I don't know, 18 maybe like half an hour, an hour, you know, 19 not long.</p> <p>20 Q. Did you sign any documents, resigning or a 21 severance agreement?</p> <p>22 A. No. I did sign a document resigning to the 23 position.</p> <p>24 Q. Can you describe that document for me?</p>	<p style="text-align: right;">Page 61</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 to say that you were not involved in that 3 process?</p> <p>4 A. Correct.</p> <p>5 Q. So you didn't participate in the press 6 release?</p> <p>7 A. No, absolutely not.</p> <p>8 Q. Or the discussions with Ethypharm officials?</p> <p>9 A. Excuse me.</p> <p>10 Q. Or the discussions with Ethypharm officials 11 about a joint venture?</p> <p>12 A. At this date?</p> <p>13 Q. At this date.</p> <p>14 A. I wasn't there, and I was not participant of 15 nothing at all.</p> <p>16 Q. When do you think your last contact was with 17 Ethypharm officials while you were still 18 general director of Laboratorios Belmac?</p> <p>19 A. I think that frequently we were trying to 20 achieve an agreement. I don't remember 21 exactly, but most likely the same year that I 22 left Belmac Spain I was still communicating 23 with Ethypharm, with Adolfo De Basilio.</p> <p>24 MR. BOSTWICK: Why don't we break.</p>

16 (Pages 58 to 61)

<p style="text-align: right;">Page 62</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY</p> <p>2 THE VIDEOGRAPHER: The time is 12:05</p> <p>3 p.m. We'll go off the record.</p> <p>4 (Discussion off the record)</p> <p>5 THE VIDEOGRAPHER: The time is</p> <p>6 12:17 p.m. We're back on the record.</p> <p>7 MR. BOSTWICK: Mr. Ayala, I'm</p> <p>8 finished with my questions for the moment,</p> <p>9 and what will happen now is Bentley attorneys</p> <p>10 have an opportunity to ask you some</p> <p>11 questions, and then I may have a few after</p> <p>12 that. Thank you.</p> <p>13 EXAMINATION BY MS. ABREU</p> <p>14 Q. Good afternoon, Mr. Ayala. As you know, my</p> <p>15 name is Veronica Abreu, and I represent</p> <p>16 Bentley Pharmaceuticals in this case. I</p> <p>17 would like to also, as Dwight did earlier,</p> <p>18 thank you for coming all this way to the</p> <p>19 United States to testify in these</p> <p>20 proceedings.</p> <p>21 A. You're welcome.</p> <p>22 Q. I just have a few questions for you today.</p> <p>23 It should not take very long. You mentioned</p> <p>24 earlier that you worked for Rimafar which</p>	<p style="text-align: right;">Page 64</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY</p> <p>2 run the day-to-day operations of Laboratorios</p> <p>3 Belmac SA?</p> <p>4 A. No.</p> <p>5 Q. After the Belmac Corporation purchased</p> <p>6 Rimafar and it became Laboratorios Belmac,</p> <p>7 who communicated with Ethypharm with regard</p> <p>8 to manufacture of Omeprazole in Zaragoza or</p> <p>9 the agreement?</p> <p>10 THE INTERPRETER: Can you repeat the</p> <p>11 last part of the question.</p> <p>12 (Question read)</p> <p>13 A. Who communicated with? Always I communicated</p> <p>14 with Ethypharm.</p> <p>15 Q. After 1992, did anyone at Belmac Corporation</p> <p>16 instruct you on how you should deal with</p> <p>17 Ethypharm or negotiate with Ethypharm?</p> <p>18 A. No. It was my decision, and it was part of</p> <p>19 my responsibilities.</p> <p>20 Q. You mentioned earlier that while you were at</p> <p>21 Laboratorios Belmac and Rimafar earlier that</p> <p>22 you had applied for marketing authorizations</p> <p>23 to the Spanish ministry of health, is that</p> <p>24 correct, for Omeprazole?</p>
<p style="text-align: right;">Page 63</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY</p> <p>2 then became Laboratorios Belmac; is that</p> <p>3 correct?</p> <p>4 A. Correct.</p> <p>5 Q. And you also mentioned that Laboratorios --</p> <p>6 that happened after Belmac Corporation</p> <p>7 purchased Laboratorios Rimafar?</p> <p>8 A. So what is the question?</p> <p>9 Q. Did Belmac Corporation purchase Laboratorios</p> <p>10 Rimafar?</p> <p>11 A. Correct.</p> <p>12 Q. Is that when Laboratorios Rimafar became</p> <p>13 Laboratorios Belmac in Spain?</p> <p>14 A. Correct.</p> <p>15 Q. Was Laboratorios Belmac in Spain a subsidiary</p> <p>16 of the American Belmac Corporation?</p> <p>17 A. Correct.</p> <p>18 Q. After the U.S. company Belmac Corporation</p> <p>19 purchased Rimafar and it became Laboratorios</p> <p>20 Belmac, who ran the day-to-day operations of</p> <p>21 Laboratorios Belmac in Spain?</p> <p>22 A. I personally.</p> <p>23 Q. Did anybody at Belmac Corporation in the</p> <p>24 United States instruct you on how you should</p>	<p style="text-align: right;">Page 65</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY</p> <p>2 A. That's correct.</p> <p>3 Q. And just to clarify for the record, when the</p> <p>4 ministry of health authorized the manufacture</p> <p>5 of Omeprazole, in whose name was that</p> <p>6 authorization issued? Was it Laboratorios</p> <p>7 Belmac?</p> <p>8 MS. ABREU: Objection.</p> <p>9 A. The authorization was requested on the</p> <p>10 Rimafar, and it was granted sometime later on</p> <p>11 under Laboratorios Belmac.</p> <p>12 Q. And who made the decision to apply for</p> <p>13 marketing authorization with the Spanish</p> <p>14 ministry of health for Omeprazole?</p> <p>15 A. I did it with my team when we were on</p> <p>16 Rimafar.</p> <p>17 Q. And who else was on your team?</p> <p>18 A. Technical director, commercial director,</p> <p>19 medical director, manufacturing director, a</p> <p>20 team; and there were also many other people,</p> <p>21 but generally speaking, my decisions, I take</p> <p>22 my decisions consulting with this team of</p> <p>23 people.</p> <p>24 Q. Was anyone from Belmac Corporation part of</p>

17 (Pages 62 to 65)

<p style="text-align: right;">Page 66</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 that team that you just referred to? 3 A. No, absolutely not. 4 Q. After 1992 were you ever instructed by anyone 5 at Belmac Corporation to apply for marketing 6 authorizations to the Spanish ministry of 7 health for Omeprazole? 8 A. No, because the application had been done 9 prior to. 10 Q. After 1992 were you ever instructed by anyone 11 at Belmac Corporation to steal Ethypharm's 12 intellectual property with regards to 13 Omeprazole or pellet technology? 14 A. No, absolutely. We had our own technology in 15 regards to Omeprazole, through other sources. 16 Q. After 1992, were you ever instructed by the 17 Belmac Corporation in the United States to 18 sell Omeprazole to Ethypharm customers or to 19 Ethypharm? 20 A. To sell Omeprazole? The operations in Spain 21 were my own operations. I didn't have any 22 concrete instruction from the corporation, 23 Belmac. 24 MR. BOSTWICK: Can we clarify when</p>	<p style="text-align: right;">Page 68</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 you ever given any written or verbal 3 instructions from Jim Murphy regarding the 4 manufacture of Omeprazole or any other pellet 5 drug? 6 A. No. 7 Q. And just to amend my prior question as well, 8 between 1992 and when you left in 1994, were 9 you ever given any written or verbal 10 instructions from Belmac Corporation with 11 regard to the manufacture of any pellet drug? 12 A. No. I have projects, but it was office space 13 itself. 14 Q. Between 1992 and when you left Laboratorios 15 Belmac in 1994, were you ever given any 16 written or verbal instructions by anyone at 17 Belmac Corporation concerning what technology 18 you should use to manufacture Omeprazole? 19 A. No. 20 Q. From -- strike that. 21 At any time when you were working 22 for Laboratorios Rimafar from the beginning 23 through when you left Laboratorios Belmac in 24 1994, did anyone at Ethypharm ever tell you</p>
<p style="text-align: right;">Page 67</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 you have been saying since 1992 that means 3 from 1992 to 1994 when he was fired? 4 MS. ABREU: Absolutely. 5 MR. BOSTWICK: We should clarify 6 with the witness. 7 Q. When I say since 1992, I mean, of course, 8 from 1992 to 1994 when you left Laboratorios 9 Belmac? 10 A. Correctly. 11 MR. BOSTWICK: And his prior answers 12 relate. 13 Q. Do your prior answers relate to that time 14 period that we just explained to you? 15 A. Yes, of that period of time. 16 MR. BOSTWICK: Thank you. 17 Q. Were you ever -- apart from Ethypharm, were 18 you ever given any written or verbal 19 instructions from anyone at Belmac 20 Corporation regarding the manufacture of 21 Omeprazole between 1992 and when you left in 22 1994? 23 A. Never. 24 Q. Between 1992 and when you left in 1994, were</p>	<p style="text-align: right;">Page 69</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 that they thought you were acting on behalf 3 of Belmac Corporation? 4 A. From Ethypharm to Rimafar, is that the 5 question? 6 Q. Let me clarify that. Did anyone who worked 7 for Ethypharm or any officials, anyone at 8 Ethypharm either in Spain or in France, did 9 they ever tell you during the time period I 10 mentioned earlier that they thought that you 11 were working on -- you were acting on behalf 12 of Belmac Corporation? 13 A. No. I don't remember nothing, absolutely 14 not. 15 Q. Now, I'd like to bring your attention back to 16 Exhibit 4 for one minute. 17 MR. BOSTWICK: Which one is that? 18 Mine aren't marked. 19 MS. ABREU: Exhibit EP 00426. 20 MR. BOSTWICK: Okay. I see it. 21 Thank you. 22 Q. Would you mind taking a look at paragraph 6 23 again, and I will read that to you because 24 it's in English and if you wouldn't mind</p>

<p style="text-align: right;">Page 70</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 translating. It states, Sixth, the 3 relationship between Rimafar and Ethypharm is 4 previous to the appearance of our president 5 Mr. Rossignol, and I am obliged to clarify 6 this point by myself. 7 A. Correct. 8 Q. During your relationship while you were still 9 at Rimafar in 1994 when you left Laboratorios 10 Belmac, did Mr. Rossignol ever give you any 11 instructions on how you should relate to 12 Omeprazole -- pardon me. Strike that -- on 13 how you should negotiate with Ethypharm with 14 regard to the manufacture of Omeprazole or 15 any other pellet truck? 16 A. No, absolutely not. 17 MS. ABREU: Thank you very much, 18 Mr. Ayala. I have no further questions. 19 MR. BOSTWICK: Only a few questions, 20 Mr. Ayala. 21 EXAMINATION BY MR. BOSTWICK 22 Q. You mentioned that you had a team of people 23 at Rimafar, and I believe you mentioned one 24 of the people on your team was a technical</p>	<p style="text-align: right;">Page 72</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 to technology issues in his response, but 3 I'll simply reserve that, if that's, 4 acceptable for phase two. 5 MS. ABREU: That's fine. 6 MR. BOSTWICK: I'll reserve any 7 questions I have on that issue of him later. 8 Thank you very much for coming to the United 9 States, and I hope this wasn't too 10 disagreeable to you. 11 THE WITNESS: No, it wasn't that 12 bad, absolutely at all. It was a good 13 experience. 14 MR. BOSTWICK: Well, thank you very 15 much. 16 THE VIDEOGRAPHER: The time is 12:40 17 p.m. on June 29, 2006. This is the end of 18 tape number two. 19 (Whereupon the deposition was 20 concluded at 12:40 p.m.) 21 22 23 24</p>
<p style="text-align: right;">Page 71</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 director? 3 A. Yes, you're obligated. 4 Q. Who was the technical director? 5 A. At that time it was Juan Carlos Asensio. 6 Q. Did Mr. Asensio stay with Laboratorios 7 Belmac? 8 A. When I left, yes. 9 Q. You also mentioned you had a manufacturing 10 director? 11 A. Yes, correct. 12 Q. Who was that? 13 A. Mr. Monterde. 14 Q. And you mentioned that there was a commercial 15 director as well? 16 A. Yes. 17 Q. And who was that? 18 A. Clemente Gonzalez Azpeitia. 19 Q. I believe you also mentioned you had a 20 medical director; is that correct? 21 A. Yes, that's correct. 22 Q. Who was the medical director? 23 A. Dr. Manual Espuelas. 24 MR. BOSTWICK: Mr. Ayala did refer</p>	<p style="text-align: right;">Page 73</p> <p>1 CONFIDENTIAL - FOR ATTORNEYS' EYES ONLY 2 CERTIFICATE 3 4 COMMONWEALTH OF MASSACHUSETTS 5 6 7 I, Tina M. Sarcia, a Registered 8 Professional Reporter and Notary Public in 9 and for the Commonwealth of Massachusetts, do 10 hereby certify that the foregoing transcript 11 of the deposition of ANGEL PEREZ DE AYALA, 12 having been duly sworn, on Thursday, June 29, 13 2006, is true and accurate to the best of my 14 knowledge, skill and ability. 15 IN WITNESS WHEREOF, I have hereunto 16 set my hand and seal this 12th day of 17 June, 2006. 18 19 20 21 Tina M. Sarcia, RPR 22 Notary Public 23 24 My commission expires: March 13, 2009</p>

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A	B	C	D
ability 73:14	36:8 41:9 42:2	asking 34:14 43:19	75:3
able 14:20 22:24	48:21,22 49:7	ASOCIADOS 3:5	Berenguer 16:16
28:15	51:22 52:11 57:8	aspects 58:2	17:22
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